technological infrastructure from those who would use our technology against us.

## CHANGES TO THE 2002 APPROPRIATIONS COMMITTEE ALLOCATION AND BUDGETARY AGGREGATES

Mr. CONRAD. Mr. President, section 314 of the Congressional Budget Act, as amended, requires the chairman of the Senate Budget Committee to adjust the budgetary aggregates and the allocation for the Appropriations Committee by the amount of appropriations designated as emergency spending pursuant to section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended. The 2001 Emergency Supplemental Recovery and Response to Terrorist Attacks (Public Law 107–38) contains funding that will result in $13.397 billion in outlays in fiscal year 2002. Because all budget authority in this measure was appropriated in fiscal year 2001, the adjustment made here is for outlays only.

Pursuant to section 302 of the Congressional Budget Act, I hereby revise the 2002 allocation provided to the Senate Appropriations Committee in the concurrent budget resolution in the following amounts.

Pursuant to section 311 of the Congressional Budget Act, I hereby revise the 2002 budget aggregates included in the concurrent budget resolution in the following amounts.

I ask unanimous consent to print tables 1 and 2 in the RECORD, which reflect the changes made to the committee's allocation and to the budget aggregates.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

TABLE 1.—REVISED ALLOCATION FOR APPROPRIATIONS COMMITTEE, 2002

[In millions of dollars]

| | Budget authority | Outlays |
|---|---|---|
| Current Allocation: | | |
| General Purpose Discretionary | 549,444 | 537,907 |
| Highways | 0 | 28,489 |
| Mass Transit | 0 | 5,275 |
| Conservation | 1,760 | 1,232 |
| Mandatory | 358,567 | 350,837 |
| Total | 909,771 | 923,740 |
| Adjustments: | | |
| General Purpose Discretionary | 0 | 13,397 |
| Highways | 0 | 0 |
| Mass Transit | 0 | 0 |
| Conservation | 0 | 0 |
| Mandatory | 0 | 0 |
| Total | 0 | 13,397 |
| Revised Allocation: | | |
| General Purpose Discretionary | 549,444 | 551,304 |
| Highways | 0 | 28,489 |
| Mass Transit | 0 | 5,275 |
| Conservation | 1,760 | 1,232 |
| Mandatory | 356,567 | 350,837 |
| Total | 358,567 | 937,137 |

TABLE 2.—REVISED BUDGET AGGREGATES, 2002

[In millions of dollars]

| | Budget authority | Outlays |
|---|---|---|
| Current allocation: Budget Resolution | 1,519,719 | 1,485,128 |
| Adjustments: Emergency funds, Sept. 11 | 0 | 13,397 |
| Revised allocation: Budget Resolution | 1,519,719 | 1,498,525 |

Mr. CONRAD. Pursuant to section 311 of the Congressional Budget Act, I hereby revise the 2002 budget aggregates included in the concurrent budget resolution in the following amounts.

TABLE 2.—REVISED BUDGET AGGREGATES, 2002

[In millions of dollars]

| | Budget authority | Outlays |
|---|---|---|
| Current allocation: Budget Resolution | 1,519,719 | 1,498,525 |
| Adjustments: Emergency funds, | 300 | 75 |
| Revised allocation: Budget Resolution | 1,520,019 | 1,498,600 |

## ZIMBABWE

Mr. LEAHY. Mr. President, I want to take a few moments to discuss the deteriorating situation in Zimbabwe. Over the past several months, we have all watched with alarm as President Mugabe has placed his desire to remain in power above the best interests of his own people. In the process, Mr. Mugabe's government has destroyed the rule of law, contributed to food shortages, committed violations of human rights, and wrecked the economy—causing unemployment to rise to more than 60 percent.

The issue has received most of the attention is land reform. There is no question that land reform is badly needed to ensure long-term prosperity in Zimbabwe. As late as 1999, the process appeared to be moving in the right direction: Zimbabwe had presented a detailed plan for the inception phase of a land reform effort, the World Bank had made a $5 million pledge to assist with the resettlement of poor farmers, and several bilateral donors, including the United States, made pledges of assistance.

However, in an attempt to deflect attention from a failing economy, a misguided military intervention in the Congo, widespread government corruption, and a host of other domestic problems, President Mugabe decided to support the sudden occupation of large farms. In the wake of this ill-conceived policy, several farmers have been killed, the independence of the judicial system has been seriously undermined, and agricultural production has been sharply reduced, contributing to widespread food shortages throughout the country.

As the land seizure crisis continues, other forms of harassment and political violence in Zimbabwe—carried out primarily by members of the ZANU–PF party against members of the Movement for Democratic Change (MDC), journalists, and other critics of the government—have steadily escalated. A number of recent events clearly indicate that the situation is a risk of spiraling out of control: the MDC office in Bulawayo was invaded and burnt down with a petrol bomb, as the police stood by and watched; there are reports that MDC members have been illegally taken into custody and tortured; the government announced the humanitarian organizations will not be permitted to distribute food aid in rural areas where it is acutely needed; and after two journalists were arrested, the minister of information compared the international media to terrorists and began notifying foreign journalists that they would not be allowed to work in the country for the foreseeable future.

There are also serious concerns about the upcoming Presidential election scheduled for early next year. As a Gallup poll shows President Mugabe running behind MDC candidate Morgan Tsvangirai, many outside observers believe that Mr. Mugabe and ZANU–PF will stop at nothing to remain in power, and are engaged in activities to undermine the democratic process and illegally alter the outcome of the election. In addition to the campaign of harassment and violence against MDC supporters, the government has prevented non-governmental organizations from carrying out voter education campaigns and has refused to allow observers from international organizations, including the European Union, to monitor the elections. Moreover, the government is pushing through electoral reforms that will effectively withhold absentee ballots from Zimbabweans living abroad, with the exception of diplomats and soldiers, and require voters to present proof of residency. These are measures that could eliminate thousands from the voter rolls.

Because of the serious situation in Zimbabwe, I have joined with Senator FEINGOLD and sponsored a provision which was included in FY 2002 Foreign Operations Appropriations Conference Report that requires U.S. executive directors to international financial institutions to vote against loans, except those for basic human needs or democracy-building purposes, to the Government of Zimbabwe, unless the Secretary of State determines and reports that the rule of law has been restored.

I would also like to point out that earlier this session the House and Senate passed S. 494, the Zimbabwe Democracy and Economic Recovery Act of 2001, and I look forward to President Bush signing it into law, as soon as possible. S. 494 contains several provisions similar to section 560 in the Foreign Operations Conference Report, although section 560 does not provide waiver authority.

Mr. President, I continue to strongly support the Administration's request for assistance to Zimbabwe for health care programs, strengthening civil society that is not affiliated with the ruling party, peace corps activities, and humanitarian purposes. However, the request for funds to restart the International Military Education and Training is premature, and would send the wrong message at this critical juncture.

BANKRUPTCY OF AMERICAN CLASSIC VOYAGES AND THE FAILURE OF ''PROJECT AMERICA''

Mr. McCAIN. Mr. President I want to bring to the attention of may colleagues a short article that appeared in Sunday's New York Times that points out just how awry a project based on pork barrel politics can go. The article, title ''A Venture in Ships Is a Rare Zell Flop,'' gives a short chronicle of the rise and fall of American Classic Voyages (AMCV), its largest shareholder, and the government support for American Classic Voyages that has now left the taxpayers holding the proverbial bag for a whopping $366.9 million in defaults on title XI maritime loan guarantees.

On October 19, 2001, American Classic Voyages (AMCV) voluntarily filed a petition for reorganization under Chapter 11 of the U.S. Bankruptcy Code. The petition lists total assets of $37.4 million and total liabilities of $452.8 million. The cruise line's reorganization petition indicated it has more than 1,000 creditors, including the Department of Transportation. The Department of Transportation in this case, means the American taxpayer whose exposure on a total of six title XI maritime loan guarantees made to AMCV totals $366,897,000. The loans cover five vessels that were in service in Hawaii, the East Coast, and the Northwest Coast and the partially completed ''Project America'' vessel at Northrup Grumman's Ingalls Shipbuildings in Pascagoula, Mississippi.

In order for my colleagues to fully understand what this article in the business section of the New York Times represents, we really need to look back at the brief history of the American Classic Voyages rise and the political push for AMCV's ''Project America.'' The ''Project America'' initiative included building two 1,900 passenger cruise ships that were to enter service in Hawaii in 2004 and 2005. These were to be the largest cruise ships ever built in the United States. To help push the program, the U.S. Maritime Administration (MARAD), in the face of strong political support for the project, approved a $1.1 billion title XI loan guarantee for the construction of these two vessels on April 8, 1999.

The New York Times article reports just how that political pressure was felt at MARAD when it quotes a former top MARAD official who insisted on anonymity saying. ''We were supported to be promoting shipbuilding.'' ''The maritime trade unions wanted jobs. So there was a lot of political support.''

''Project America'' did indeed receive considerable political support over the last several years as noted further in the New York Times article: ''In 1996 and 1997, American Classic executives met with members of Congress, labor leaders and shipyard owners in an all our effort to promote the project in Washington.'' My colleagues may recall that this promotion paid off in the form of political support which translated into language being included in the Fiscal Year 1998 Department of Defense Appropriation Bill granting a legal monopoly for American Classic Voyages to operate as the only U.S.-flagged operator among the Hawaiian islands.

My colleagues may recall that I questioned the merits of the ''Project America'' at the time the special legislation was considered and went as far as to introduce an amendment to the fiscal year 1998 Department of Defense appropriations bill to remove the monopoly language. Based on the information available at the time, I believed then that the project was more likely to fail than to succeed and I called the monopoly language, and I quote an ''egregious example of porkbarrel spending,'' and asked ''How many times has the U.S. Senate so blatantly set up a monopoly set-aside for any individual or business?'' I would ask now, how many times will we do this in the future?

There were early warnings signs that something was going seriously wrong with the project. During the first year of construction, ''Project America'' fell a year to a year-and-one-half behind schedule. Both American Classic Voyages and Ingalls Shipbuilding were crying foul over construction problems and months of non-binding mediation over contract disputes led to no resolution. Accusations of default came from both sides. However, on September 21 of this year a resolution was announced. Yet, here we are three months later and it is still unclear who was at fault as both sides have refused to discuss the dispute. This is important since, the settlement agreement between Ingalls and AMCV, which was reviewed and agreed to by the U.S. Maritime Administration, kept the American taxpayer holding all the risk.

To highlight just how critical the problems with Project America were at the time this agreement was reached, I want to read from a two-page summary on the status of the project at that time that a lobbyist representing American Classic Voyages inadvertently faxed to my office. It highlights the lagging construction schedule, the claims for additional payments by Ingalls, and the problems of dealing with a yard used to doing work under the typically higher-cost DOD procurement standards.

One statement in the summary hints at AMCV's recognition that a shipyard accustomed to dealing with the U.S. Navy was ill-prepared for the commercial project, is very telling of how the customer views the shipyard's ability to meet the demands of commercial work. The faxed summary reads, ''For U.S. shipyards to succeed in commercial construction, they must use commercial procedures to maintain costs and ensure timely delivery schedules. Cost increases and schedule delays have significant impact on commercial customers—increased capital costs, higher marketing costs, lost revenue from employment of the vessel, and market uncertainties.''

In March 1999, the contract for Project America was signed with great fanfare in the rotunda of this very building and now we have one of the signatories calling into question the shipyard's ability to succeed at commercial ship construction. If a customer of the shipyard is questioning Ingalls Shipbuilding's ability to meet its obligations, shouldn't MARAD also have raised this question before it approved the settlement agreement that allowed for the continuation of the project?

We all know the answer now.

In signing off on the Settlement Agreement between AMCV and Northrop Grumman's Ingalls Shipbuilding, MARAD, on behalf of the taxpayer, agreed to assume the outstanding Title XI debt of $185 million on the first of the two cruise ships under construction at Ingalls in the event of an AMCV bankruptcy and complete the vessel, after the issue of the remaining Title XI debt of $350 million. Fortunately, AMCV filed bankruptcy before the remaining debt was issued. Otherwise, MARAD would have been legally obligated to complete the vessel at an additional loss to the taxpayers.

On October 29, MARAD formally announced that it was not legally required to fully fund the construction of the first ship at Ingalls Shipbuilding. However, in a sign of just how deep the political support of AMCV is, and despite the overwhelming evidence that the project was in serious trouble and was unlikely ever to be completed, 14 members of Congress signed a letter urging Secretary Mineta to reconsider and move to complete construction of the Project America vessel. This would involve an additional $350 million in Title XI loan guarantees and the vessel, upon completion, would be sold by MARAD.

It is important to note, that with more than 80,000 new cruise ship berths coming on line in the next four years, MARAD expects that the vessel would sell for $150 to $200 million less than it would cost the American taxpayer to build.

This week, MARAD will pay out $267.4 million in the first of several payments to be made to American Classic Voyages' creditors. The remaining $105.7 million will be paid off in the next 30 days as required waiting periods expire. I note for my colleagues this totals $366.7 million of the American taxpayers' money. And what do we have to show them for these expenditures? A growing U.S.-flagged cruise